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UNITED STATES DEPARTMENT OF AGRICULTURE

PRODUCTION AND MARKETING ADMINISTRATION

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I N S E R T S

for

SUMMARIES

of

FLUID MILK MARKETING ORDERS

Revised to October 1, 1949.

and

Federal Register Citations
for the Milk Price Orders

The attached are inserts to be substituted for the corresponding pages in the Summaries of Fluid Milk Marketing Orders, April 1, 1948, and Federal Register Citations for the Milk Price Orders. These inserts revised the Federal orders as effective on October 1, 1949. The last insert was issued on September 1, 1949.

New Orleans, Louisiana

Marketing Area:

New Orleans and parts of Jefferson and St. Bernard Parishes in Louisiana.

Handler:

Person who operates a city or country plant.

A city plant is one where milk is processed and packaged and from which milk is distributed as Class I milk in the marketing area. A country plant is one at which milk is received from producers and from which milk or cream is received at a city plant.

Producer:

Person who, in conformity with health requirements, produces milk which is received at a city or country plant.

Classification:

Class I - Fluid milk, skim milk, buttermilk, flavored milk, flavored milk drinks, sweet or sour cream, milk and cream mixtures, and unaccounted-for milk.

Class II - Cheese (except Cheddar cheese), ice cream, and ice cream mix.

Class III - Products not in Classes I and II and plant shrinkage not over 2 per cent of producer receipts.

No skim milk or butterfat shall be classified as Class II or Class III during delivery periods of October through February if producer receipts of skim milk or butterfat during the preceding delivery period are less than 90 per cent of the utilization by all handlers in Class I.

Class Prices (for butterfat and skim milk):

1. Using the latest reported figures available on the 25th day of the preceding month, compute a formula index as follows:

(a) Divide the Bureau of Labor Statistics wholesale price index for all commodities (1926 equals 100) by 98;

(b) Divide the latest three Federal Reserve Bank of Atlanta monthly indexes of department store sales in New Orleans adjusted for seasonal variations (1935-1939 equals 100) by 3 and divide the result by 1.10;

(c) Compute a grain-labor index as follows:

(1) Divide average prices per ton paid by Louisiana farmers for mixed dairy feed by 0.5144 and multiply the result by 0.6.

(2) Divide by 0.0151 and 0.0144 respectively, dairy farm wage rates without board or room for Mississippi and Louisiana. Compute a weighted average (Mississippi weighted 0.25 and Louisiana 0.75) of the respective wage rates and multiply such weighted average by 0.4.

(3) Add the results of (1) and (2).

(d) Divide by 3 the sum of the results of (a), (b), and (c) and round to the nearest whole number. The result is the formula index.

2. Compute the price for milk of 4.0 per cent butterfat content delivered in the 61-70 mile zone by multiplying $2.59 by the formula index.

3. For the delivery periods from October 1, 1949 to February 1950 add 22 cents.

4. For any delivery period after September 1950 add 22 cents if the total volume of producer milk in the market during the preceding 5-month period of October through February was less than 110 per cent of Class I sales in the market, or subtract 22 cents if the volume of producer milk in the market during such 5-month period was more than 115 per cent of Class I sales in the market.

5. The price for any of the delivery periods of April through June shall not be higher than the price for the immediately preceding delivery period and the price for any of the delivery periods of October through December shall not be lower than the price for the immediately preceding delivery period.

6. The price of butterfat is computed by multiplying the price for Class I milk (as computed in 2 above) by 17.5.

7. The price for skim milk is computed by multiplying the price of butterfat by 0.04, subtracting such amount from the price for Class I milk (as computed in 2 above) and dividing the remainder so obtained by 0.96.

Class II - The prices per hundredweight of butterfat and skim milk in Class II are computed as follows:

For Skim Milk - The price of carlot, spray and roller process, nonfat dry milk solids (excluding that designated as animal feed) f.o.b. manufacturing plants, Chicago area, minus 4 cents and multiplied by 8.5.

For Butterfat - Chicago 92-score butter minus 3 cents, times 120.

Class III - The price per hundredweight of butterfat in Class III is the price per pound of Chicago 92-score butter, times 100. The price per hundredweight of skim milk in Class III is the average price per pound of nonfat dry milk solids (carlots, roller process, human consumption, f.o.b. Chicago), minus 7 cents, times 7.5.

Emergency Provision - Upon a finding by the Secretary of Agriculture that the Class I and Class II prices computed for any delivery period are not in the public interest, such prices shall be the same as the Class I and Class II prices for the previous delivery period.

Butterfat Differentials:

Class Prices - None, because butterfat and skim milk are classified and priced separately.

Producer Price - Each handler's uniform price to producers is announced for milk containing 4.0 per cent butterfat. The butterfat differential for each handler is computed as follows: The handler's uniform price per hundredweight of butterfat, minus the uniform price per hundredweight of skim milk, divided by 1000.

Location Differentials:

Class I Price - The Class I price is established for the 61-70 mile zone. The following schedule of differentials is established.

Miles from New Orleans	Cents per hundredweight
20 or less	+ 28
20 to 30	+ 8
30 to 40	+ 6
40 to 50	+ 4
50 to 60	+ 2
60 to 70	0
70 to 80	- 2
80 to 90	- 4
90 to 100	- 6
100 to 110	- 7
More than 110	- 8

Producer Price - Each handler's uniform price to producers is adjusted in accordance with the same schedule which is applied to the Class I price.

Method of Accounting for Milk:

Weights of skim milk and butterfat are computed separately as utilized in the products of each class.

Type of Pool:

Individual handler monthly pool with base rating plan; no new producer clause.

Interhandler Transfers:

Skim milk and butterfat disposed of in the form of milk, skim milk or cream to another handler is classified as Class I except that such transfers may be classified in another class if mutually agreed upon by the handler and the transferee (except a producer-handler) and notification given to the market administrator.

Outside Purchases:

Skim milk and butterfat received from sources other than producers or handlers are deducted in series beginning with the lowest price class.

Outside Sales:

Skim milk and butterfat disposed of in the form of milk, skim milk, or cream, by a handler to a nonhandler, who distributes milk or cream for consumption in fluid form, are classified in Class I except that for the delivery period of March through September, milk transferred to a non-handler who maintains sufficient books and records to show utilization and who allows verification of such records, may be classified in the highest valued classes remaining after deducting from the highest valued classes, milk received at the non-handler plant directly from dairy farmers. If disposed of to a nonhandler who does not distribute milk or cream for consumption in fluid form, the skim milk and butterfat are classified in accordance with actual utilization.

Milk sold outside the marketing area is priced the same as milk sold in the marketing area.

Producer-handlers:

Handlers who distribute only milk of their own production are exempt from regulatory provisions. Reports may be required by the market administrator.

Expense of Administration:

Handlers pay administrative costs not to exceed 4 cents per hundredweight.

Special Producer Provisions:

A base rating plan is provided. Base forming period is from October through March. Bases are applicable to deliveries for the period April through September only.

No provision is made for authorized deductions to be turned over to cooperative associations.

No provision is made for marketing service charges to be deducted for non-members.

Cincinnati, Ohio

Marketing Area:

City of Cincinnati and Hamilton County, Ohio.

Handler:

Person who handles milk which is disposed of as milk in the marketing area.

Producer:

Person who produces milk which is received at a plant from which milk is disposed of for consumption as milk in the marketing area. A producer whose milk is approved by appropriate health authority as Grade A is a "Grade A producer." Other producers not so approved are "Grade B producers."

Classification:

Class I - Fluid milk, milk drinks (plain or flavored), and unaccounted-for milk.

Class II - Cream, creamed cottage cheese, and creamed buttermilk.

Class III - Milk products other than those specified in Classes I and II, and shrinkage not over 2.5 per cent of receipts from producers.

Class Prices (4.0 per cent butterfat):

Class I - April through July, Class III price plus $1.05 per hundredweight; all other months, Class III price plus $1.35 per hundredweight. (From September 21, 1949 to January 1950 the price is increased 15 cents per hundredweight. For February and March 1950 also, the price is increased 15 cents per hundredweight if total receipts from Grade A producers during the period October 1 through December 31, 1949 are less than 130 per cent of Class I sales during such period.)

Class II - April through July, Class III price plus $0.60 per hundredweight; all other months Class III price plus $0.90 per hundredweight. (From September 21, 1949 to January 1950 the price is increased 15 cents per hundredweight. For February and March 1950 also, the price is increased 15 cents per hundredweight if total receipts from Grade A producers during the period October 1 through December 31, 1949 are less than 130 per cent of Class I sales during such period.)

Class III - The Class III price is the higher of:

(1) Average of prices paid for 4.0 per cent milk at the following plants:

M. & R. Dietetic Laboratories, Inc.,	Chillicothe, Ohio
Carnation Milk Company,	Hillsboro, Ohio
Nestle's Milk Products, Inc.,	Greenville, Ohio
Nestle's Milk Products, Inc., (Osgood Milk Co.)	Osgood, Indiana
Carnation Milk Company,	Maysville, Kentucky

(2) Average price per pound of Chicago 92-score butter, times 4, times 1.2, plus 3.5 cents for each half-cent that the average price per pound of nonfat dry milk solids is above 5.5 cents (carlot, human consumption, spray and roller process, f.o.b. manufacturing plants in Chicago area).

Butter and Cheese Price - For milk used as butter (except butter from storage cream) and Cheddar cheese during any month when receipts of milk from producers are more than 140 per cent of Class I and Class II sales use: 92-score butter at Chicago, minus 4 cents and multiply the result by 4.8,

PLUS

Average price of nonfat dry milk solids (carlot, human consumption, spray and roller process, f.o.b. manufacturing plants in Chicago area) minus 8.6 cents and multiply the result by 8.5.

Butterfat Differentials:

Class Prices - For each one-tenth of one per cent variation from 4.0 per cent butterfat, the differential to handlers is computed as follows: Price per pound of Chicago 92-score butter, times 1.2, divided by 10.

Producer Price - For each one-tenth of one per cent variation in the average test of a producer's milk from 3.5 per cent butterfat, the differential is as follows: 5 cents when the price per pound of Chicago 92-score butter is more than 40 cents, but not more than 50 cents, plus or minus 1 cent for each 10-cent range in the butter price above or below the 40-50 cent range.

Location Differentials:

None.

Method of Accounting for Milk:

Class I computed on a volume basis plus the 3.5 per cent milk equivalent of unaccounted-for butterfat. Class II and Class III computed by converting butterfat used in these classes to 3.5 per cent milk equivalent. Class volumes are reconciled with producer receipts by adding to or subtracting from Class III.

Type of Pool:

Market-wide monthly pool without base rating plan or new producer clause. Separate uniform prices are computed for Grade A and Grade B milk. Grade B price is 40 cents per hundredweight less than the Grade A price.

Interhandler Transfers:

Milk or skim milk disposed of by a handler to another handler is Class I, and cream so disposed of is Class II. Handlers are permitted to classify differently by submitting statement signed by both buyer and seller to the market administrator.

Outside Purchases:

"Emergency milk" (milk or skim milk received by a handler from sources other than producers under a permit from health authorities is subtracted on a pro rata basis from each class.

Other outside milk is deducted from the class in which it is used but the handler must pay the difference between the value as used and the Class III price.

Outside Sales:

Milk or skim milk disposed of by a handler to a nonhandler who distributes milk or manufactures milk products is considered Class I, and cream so disposed of is considered Class II. Handler is permitted to classify differently by submitting statement signed by both buyer and seller, subject to verification by the market administrator.

Milk sold outside the marketing area is priced the same as milk sold in the marketing area.

Producer-handlers:

Handlers who distribute only milk of their own production are exempt from regulatory provisions. Reports may be required by the market administrator.

Expense of administration:

Handlers pay administrative costs not to exceed 2 cents per hundredweight.

Special Producer Provisions:

Deductions, as authorized by members are turned over to the cooperative associations. A market service charge not to exceed 4 cents is deducted for non-members. Classified cooperative associations receive payments out of pool at the rate of .5 cent for bargaining associations and at the rate of 3 cents for plant operating associations.

OMAHA - ORDER NO. 35

Citation	Date Published	Action
12 FR 2073	3/29/47	Order, as amended
13 FR 9487	12/31/48	Amendment No. 1
14 FR 3231	6/15/49	Amendment No. 2

CHICAGO - ORDER NO. 41

11 FR 9606	8/31/46	Order, as amended
12 FR 3073	5/10/47	Order suspending certain provisions
12 FR 5834	8/30/47	Amendment No. 3
12 FR 7248	11/5/47	Amendment No. 4
13 FR 5905	10/9/48	Order suspending certain provisions

NEW ORLEANS - ORDER NO. 42

13 FR 1079	2/28/48	Order, as amended
14 FR 1483	4/1/49	Amendment No. 2
14 FR 5385	8/31/49	Order suspending certain provisions
14 FR 5960	9/30/49	Amendment No. 3

DULUTH-SUPERIOR - ORDER NO. 54

Citation	Date Published	Action
8 FR 9903	7/20/43	Order, as amended
11 FR 6527	6/14/46	Order suspending certain provisions
11 FR 12434	10/24/46	Amendment No. 4
14 FR 2133	4/30/49	Amendment No. 5

PHILADELPHIA - ORDER NO. 61

7 FR 2377	3/28/42	Order
8 FR 1431	2/3/43	Amendment No. 1
8 FR 4749	4/13/43	Amendment No. 2
9 FR 7493	7/5/44	Order suspending certain provisions
10 FR 11041	8/29/45	Amendment No. 3
11 FR 5902	6/1/46	Amendment No. 4
11 FR 7260	6/29/46	Order suspending certain provisions
11 FR 10257	9/14/46	Amendment No. 5
12 FR 93	1/7/47	Order suspending certain provisions
13 FR 4343	7/29/48	Amendment No. 6
13 FR 9294	12/31/48	Amendment No. 7
14 FR 1845	4/16/49	Amendment No. 8
14 FR 3613	7/1/49	Order suspending certain provisions
14 FR 5964	9/30/49	Order suspending certain provisions

CINCINNATI - ORDER NO. 65

9 FR 825	1/22/44	Order, as amended
9 FR 9880	8/15/44	Amendment No. 1
10 FR 7607	6/26/45	Amendment No. 2
11 FR 7331	7/2/46	Amendment No. 3
11 FR 9670	9/4/46	Amendment No. 4
11 FR 14011	12/3/46	Amendment No. 5
12 FR 4931	7/25/47	Amendment No. 6
13 FR 1659	3/31/48	Order suspending certain provisions
13 FR 2329	4/30/48	Amendment No. 7
13 FR 7294	11/30/48	Amendment No. 8
14 FR 2783	5/27/49	Amendment No. 9
14 FR 5707	9/17/49	Amendment No. 10